

THE PUBLISHED ANNUAL FINANCIAL

STATEMENTS OF

THULAMELA LOCAL MUNICIPALITY

30 JUNE 2006

THULAMELA LOCAL MUNICIPALITY

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THULAMELA LOCAL MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF EXECUTIVE COMMITTEE

Councillor Makumbane T.N	Mayor (Chairperson of Executive Committee)
Councillor Malindi O.T	Chairperson of Land use & Traditional Affairs Portfolio Committee
Councillor Mulandana M.A	Chairperson of Finance Portfolio Committee
Councillor Mahosi N.G	Chairperson of Housing & Electricity portfolio Committee
Councillor Mabasa K.K	Chairperson of LED portfolio Committee
Councillor Fungeni M.C	Chairperson of Education, Sports & Culture Portfolio Committee
Councillor Mulaudzi N.S	Chairperson of Protection Services Portfolio
Councillor Nenguda D.A	Chairperson of HR Portfolio Committee
Councillor Ngovheni R.R	Chairperson of Roads & Storm water portfolio Committee
Councillor Nethononda L.	Chairperson of Special programmes portfolio committee

GRADING OF LOCAL AUTHORITY

Grade 3

AUDITOR

The Auditor-General

BANKERS

First National Bank, Thohoyandou Branch, P.O. Box 284, Thohoyandou, 0950

REGISTERED OFFICE

THULAMELA Civic Centre
THOHOYANDOU
LIMPOPO

Private Bag X5066
THOHOYANDOU
0950

Telephone: 015 962 7500

MUNICIPAL MANAGER

Mathivha M.H

CHIEF FINANCIAL OFFICER

Madzhie M.A

THULAMELA LOCAL MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF THULAMELA MUNICIPAL COUNCIL

The Mayor: T.N Makumbane

Speaker: F.T Chauke

Chief Whip: M.E Mamma

Ward Councillors:	M.P Shirindzi	M. Mukheli
	N.R Ndou	N.W. Mutoti
	M.E Musalafu	T.S. Mpilo
	K.S Chabani	M.M. Mulaudzi
	M.L. Maluleke	T.N. Mphaphului
	N.A Makuleke	N.G. Mahosi
	H.T Maluleke	T.T. Nemukula
	M.E Baloyi	H.P. Mulovhedzi
	M.P. Themba	T.D. Nyambeni
	M.J. Baloyi	M. Netshavha
	M.C. Fungeni	M.S. Rammela
	M.N. Manganyi	K.J. Netshifhefhe
	T.N. Mtleni	M.B. Dombo
	T.S. Mathebula	E.T. Muedi
	S.G. Maluleke	S.A. Muger
	T.S. Mbedzi	A.J. Davhana
	M.A. Mulandana	T.S. Magada
	L.M. Madondo	T.P. Malada
	E.K. Mulaudzi	Mandiwana

PR Councillors:	J. Mabasa	K. Nemananzhe
	O.T. Malindi	H.J. Maluleke
	N.S. Mulaudzi	L.E. Ligaraba
	D.A. Nenguda	N.A. Tshithe
	T.J. Bila	K.E. Maholwane
	P.M. Shibambo	H.B. Ramulifho
	L. Nethononda	K.K. Mabasa
	R.R. Ngobeni	N.D. Sigidane
	R.E. Ngwana	R.T. Marole
	T.R. Ratshitanga	M. Kennedy
	M.D. Marutha	V.E. Mulaudzi
	M.B. Luthada	M.B. Muofhe
	A.P. Nethengwe	A. Kholophe
	N.A. Matambele	A.E. Ramudingane
	T.M. Sambo	A.E. Mkhatywa
	M.E. Lambani	
	K.C. Mphaphuli	
	L.P. Ramaano	
	N.B. Mulaudzi	
	M.S. Phaswana	

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 4 to 19 were signed by the Municipal Manager and submitted to the Office of the Auditor-General on the 31 October 2006.

MUNICIPAL MANAGER
MATHIVHA M.H

31 October 2006

CHIEF FINANCIAL OFFICER
MADZHIE M.A

31 October 2006

**THULAMELA LOCAL MUNICIPALITY
FOREWORD**

**BY
THE HONOURABLE MAYOR MAKUMBANE**

In our endeavor to provide basic infrastructure services we were faced with challenges of reduction of unemployment and eradicating poverty in our area of jurisdiction. The Integrated Development Plan that was produced with interaction with all stakeholders guided the Municipality in providing services required by members of the community.

We strive to provide further basic services in accordance with SA Constitution to the community with the aid to be received from MIG and other Government Grants and aids.

We are quite aware that there are no shortcuts. Achieving sustainable growth and development, requires making choices - sometimes difficult choices. It means prioritizing and reprioritizing. It demands a constant and honest evaluation of what we are doing and how we are doing it.

The 2005/2006 financial statements reflects the results of our efforts.

**MAYOR
MAKUMBANE T.N**

THULAMELA LOCAL MUNICIPALITY

TREASURER'S REPORT

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F
The overall operating results for the year ended 30 June 2006 are as follows

INCOME	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Opening surplus	-	-	-	-	-
Operating income for the year	128 101 051	185 695 911	45.0	179,454,992	3.4
Closing deficit	-	-	-	-	-
	128 101 051	185 695 911		179,454,992	
EXPENDITURE					
Opening deficit	-	-	0.0	-	-
Operating expenditure for the year	121 796 920	148 508 538	21.9	109,191,342	26.5
Sundry transfers	(5 002 410)	-	(100.00)	-	-
Closing surplus	-	-	0.0	-	-
	116 794 510	148 508 538		109,191,342	136.0 %

1.1. RATES, GENERAL AND HOUSING SERVICES

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Income	125 393 706	177 647 386	41.7	179 454 992	(1.0)
Expenditure	107 495 294	135 237 227	25.8	175 454 992	(29.7)
Surplus (deficit)	17 898 412	42 410 159	136.9	4 000 000	90.6
Surplus (deficit) as % of total income	14.3 %	23.9 %	67.3	2.2 %	

1.2. TRADING SERVICES

Electricity Service

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Income	2 707 345	8 048 525	197.3	-	100.0
Expenditure	14 301 626	13 271 311	(7. 2)	4 000 000	69.9
Surplus (deficit)	(11 594 281)	(5 222 786)	(55.)	(4 000 000)	23.4
Surplus (deficit) as % of total income	-428%	-65%	(84. 8)		

Water Service

	Actual 2005 R	Actual 2006 R	Variance 2005/2006 %	Budget 2006 R	Variance Actual/Budget %
Income	-	-	0.0		0.0
Expenditure	-	-	0.0		0.0
Surplus (deficit)	-	-	0.0	-	0.0
Surplus (deficit) as % of total income					

THULAMELA LOCAL MUNICIPALITY
TREASURE'S REPORT (CONTINUE)

2. CAPITAL EXPENDITURE AND FINANCING

The following capital expenditure was incurred during 2005/2006

DESCRIPTION	ACTUAL 2006	BUDGET 2006	ACTUAL 2005
Roads and stormwater	28 157 943	36,150,350	9,129,018
Water supply	0	-	6,488,953
Electrification	11 353 535	4,000,000	6,506,890
Recreation	4 600 792	9,325,368	4,717,219
Municipal buildings	6 412 768	4,180,000	10,543,173
Vehicles	769 628	1,015,000	130,926
Other fixed assets	5 552 904	20,032,932	6,791,809
	56 847 570	74,703,650	44,307,988

The fixed assets were financed from the following funds:

DESCRIPTION	ACTUAL 2006	BUDGET 2006	ACTUAL 2005
CONTRIBUTIONS FROM:			
Own income	27,376,510	44,817,768	
Grants and subsidies	29 471 060	29,885,882	
	56 847 570	74 703 650	

A complete analysis of capital expenditure is included in Appendix C

3 EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding, total investments from the various funds and cash were the following

	2006 R	2005 R
Investments	-	21 279 324
Bank balance	36 543 823	(222 492)

4. FUNDS, RESERVES AND PROVISIONS

The movement regarding statutory funds, reserves, trust funds and provisions is reflected in Appendix A.

THULAMELA LOCAL MUNICIPALITY

TREASURE'S REPORT (CONTINUE)

5 APPRECIATION

I hereby wish to thank the Municipal Manager and personnel for the support they have given me during the preparation of these statements.

Madzhie MA
CHIEF FINANCIAL OFFICER
THULAMELA MUNICIPALITY
31 OCTOBER 2006

THULAMELA LOCAL MUNICIPALITY

ACCOUNTING POLICIES

1. Basis of presentation

- 1.1. These financial statements have been prepared to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for Local for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition 1996, as amended)
- 1.2. The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note 3. The accounting policies are consistent with those applied in previous years, except if otherwise indicated.
- 1.3. The financial statements are prepared on the accrual basis:
Income is accrued when measurable and available. Certain direct income is recorded when received, such as traffic fines, certain licences and governmental grants.
Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rate and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, sewerage, electricity and water, which are treated as income and expenditure in the respective departments.

3. Fixed assets

- 3.1. Fixed assets are stated at historical cost or at valuation (based on market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.
- 3.2. Depreciation: The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:
Appropriations from operating income, where the full cost of the asset forms an immediate and direct charge against operating income, and therefore it is unnecessary to make any further provision for depreciation.
Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.
- 3.3. All net proceeds from the sale of fixed property are credited to the Land Trust Fund. Net proceeds from the sale of other assets are credited to the Capital Development Fund or to Income.
- 3.4. Capital assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the service concerned at the ruling interest applicable at the time the advance is made.

THULAMELA LOCAL MUNICIPALITY

ACCOUNTING POLICIES (continued)

4. Inventory

Inventory (stores and materials) is valued on the lower of cost or net realisable value.

5. Funds and reserves

5.1. Capital development fund

The Capital Development Fund Ordinance no 9 of 1978 requires a minimum contribution of 1,0% of the defined income for the immediately preceding financial year.

5.2. Land trust fund

The Land Trust Fund is used to finance the acquisition of land for housing projects. When land owned by the Council is sold, all proceeds therefrom are credited to the Fund.

6. Provisions

Provisions are created for liabilities or contingencies which are known at the date of the balance sheet, but for which the amounts involved cannot be determined with substantial accuracy. Provisions are made for leave payments, audit and debtors.

7. Surpluses and deficits

Any surpluses or deficits arising from the operation of the electricity and water services are transferred to Rate and General Services to alleviate the tax burden of rate payers.

8. Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested according to the provisions contained in Circular 1 of 1994 issued by the Provincial Administration.

9. Income recognition

Water and electricity billings

All meters are read and billed monthly. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month in which they are indeed read.

The municipality is not a service provider for water and electricity but act as agent for Vhembe District Municipality for water provision.

Assessment rates

Assessment rates is levied in phases. Tax is levied on land value only. Rebates was given for rural residential sites..

10. Comparative figures

Certain figures in the financial statements were regrouped.

THULAMELA LOCAL MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2006

	Note	2006 R	2005 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		38 659 231	38 659 231
Statutory funds	1	11 633 546	11 633 546
Reserves	2	27 025 685	27 025 685
RETAINED SURPLUS / (ACCUMULATED DEFICIT)	18	109 622 529	29 333 119
		148 281 760	67 992 350
TRUST FUNDS	3	1 403 616	2 823 523
LONG-TERM LIABILITIES	4	-	-
CONSUMER DEPOSITS - SERVICES	5	136 033	136 033
		149 821 409	70 951 906
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	-	-
INVESTMENTS	7	-	-
LONG-TERM DEBTORS	8	1 736 957	8 042 717
DEFERRED CHARGES	11	-	-
		1 736 957	8 042 717
NET CURRENT ASSETS		148 084 403	62 909 189
CURRENT ASSETS		157 460 836	104 356 606
Debtors	10	115 894 996	72 550 903
Cash		36 543 823	8 100 763
Stock	9	606 168	2 425 616
Short-term investment	7	-	21 279 324
Short-term portion of long-term debtors	8	4 415 849	
CURRENT LIABILITIES		(9 376 433)	(41 447 417)
Provisions :	12	3 370 741	1 855 277
Creditors	13	6 005 692	31 268 885
Short-term portion of long-term liabilities	4	-	-
Bank overdraft			8 323 255
		149 821 360	70 951 906

THULAMELA LOCAL MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus / (Deficit) R		2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus / (Deficit) R	Budget Surplus / (Deficit) R
125 393 706	107 495 294	17 898 412	RATE AND GENERAL SERVICES			0	
122 489 072	99 348 280	23 140 792	Community services	176 647 386	135 237 227	42 410 159	-
-	-	-	Subsidised services	-	132 905 701	43 413 810	-
2 904 634	8 147 014	(5 242 380)	Economic services	1 327 875	2 331 526	(1 003 651)	-
2 707 345	14 301 626	(11 594 281)	TRADING SERVICES	8 048 525	13 271 311	(5 222 786)	-
<u>128 101 051</u>	<u>121 796 920</u>	<u>6 304 131</u>	TOTAL	<u>185 695 911</u>	<u>148 508 538</u>	<u>37 187 373</u>	-
		<u>5 002 410</u>	Appropriations for the year (refer to note 14)			<u>43 102 037</u>	
		11 306 541	Net surplus / (deficit) for the year			80 289 410	
		18 026 578	Accumulated surplus / (deficit) at the beginning of the year			29 333 119	
		<u>29 333 119</u>	ACCUMULATED SURPLUS / (DEFICIT) AT THE END OF THE YEAR			<u>109 622 529</u>	

(Refer to Appendices D and E for more detail)

THULAMELA LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 R	2005 R
CASH RETAINED FROM OPERATING ACTIVITIES		41 287 514	26 227 400
Cash generated by operations	19	131 727 511	51 310 428
Investment income	APP D	17 626 624	1 391 251
(Increase) / decrease in working capital	20	(78 591 189)	(26 466 719)
		70 762 946	26 234 960
Less: External interest paid	17	(4 372)	(7 560)
Cash available from operations		70 758 574	26 227 400
Cash contributions from the public and State	APPEN C	(29 471 060)	
Proceeds on disposal of assets	APPEN A		
CASH UTILISED IN INVESTMENT ACTIVITIES			
Investment in fixed assets	APPEN C	(56 847 570)	(44 389 988)
Project expenditure		-	-
NET CASH FLOW		<u>(15 560 056)</u>	<u>(18 162 588)</u>
CASH EFFECTS ON FINANCING ACTIVITIES			
Increase / (decrease) in long-term loans	21	-	(1 510 322)
(Increase) / decrease in cash investments	22	-	870 186
(Increase) / decrease in cash	23	(15 560 105)	18 802 724
NET CASH (GENERATED) / UTILISED		<u>(15 560 105)</u>	<u>18 162 588</u>

THULAMELA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2005 R
1 STATUTORY FUNDS		
Capital development fund	<u>11 633 546</u>	<u>11 633 546</u>
(Refer to appendix A for more detail)		
2 RESERVES		
Computer Replacement Fund	950 000	950 000
Vehicle Replacement Fund	5 948 900	5 948 900
Working Capital Reserve	<u>20 126 785</u>	<u>20 126 785</u>
	<u>27 025 685</u>	<u>27 025 685</u>
(Refer to appendix A for more detail)		
3 TRUST FUNDS		
Mukumbani PHP	(48 835)	7 542
Waste Management Project	(320)	(79 807)
Tshifudima Project	62 951	62 951
Lwamondo Agro Project	707	1 190
Tamisani Rural Project	13 096	64 138
Murara Agriculture Project	(9 350)	(6 000)
Milaboni PHP	19 094	19 577
Xikundu Housing Project	(2 764)	(1 234)
Tshamutilikwa	9 766	16 166
Tshiavha /Tshidzivhe PHP	<u>1 359 272</u>	<u>2 739 000</u>
	<u>1 403 616</u>	<u>2 823 523</u>
(Refer to Appendix A for more detail)		
4 LONG-TERM LIABILITIES		
Government loans	-	-
Other loans	-	-
Less: Current portion transferred to current liabilities	-	-
	<u>-</u>	<u>-</u>
(Refer to appendix B for more detail on long-term liabilities)		
5 CONSUMER DEPOSITS - SERVICES		
Electricity and water	136 033	136 033
Other	-	-
	<u>136 033</u>	<u>136 033</u>
6 FIXED ASSETS		
Fixed assets: beginning of the year	168 087 757	123 779 769
Capital expenditure during the year	56 847 570	44 307 988
Less: Assets written off, transferred or disposed	<u>(9 759 905)</u>	<u>-</u>
Total fixed assets	215 175 422	168 087 757
Less: Loans redeemed and other capital receipts	<u>215 143 765</u>	<u>168 087 757</u>
Net fixed assets	<u>31 657</u>	<u>-</u>

THULAMELA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 (continued)

	2006 R	2005 R
7 INVESTMENTS		
Unlisted		
Short-term investments	-	21 279 324
	<u>-</u>	<u>21 279 324</u>
8 LONG-TERM DEBTORS		
Sale of sites	5 950 651	5 209 429
Housing	196 394	
Motor Vehicle Loan	5 760	19 183
	<u>6 152 805</u>	<u>5 228 612</u>
Less: short-term portion transferred to current assets	<u>4 415 849</u>	<u>2 814 105</u>
	<u>1 736 957</u>	<u>8 042 717</u>
9 INVENTORY		
Inventory represent consumable stores	606 168	2 425 616
	<u>606 168</u>	<u>2 425 616</u>
10 DEBTORS		
VAT	4 621 610	
Government Traffic	154 589	424 865
RD Cheques	726 766	114 309
Debtor vhembe	20 760 295	
Service debtors	<u>173 475 256</u>	<u>146 577 836</u>
	<u>199 738 517</u>	<u>147 117 010</u>
Less: Provision for bad debts	<u>83 843 521</u>	<u>74 566 107</u>
	<u>115 894 996</u>	<u>72 550 903</u>
11 DEFERRED CHARGES		
Preliminary expenses	-	-
Issue expenses	-	-
Commission	-	-
	<u>-</u>	<u>-</u>
12 PROVISIONS		
Insurance fees	-	-
Provision for leave	3 370 741	1 855 277
Auditor's remuneration	-	-
	<u>3 370 741</u>	<u>1 855 277</u>
13 CREDITORS		
Creditor Vhembe	619 913	
Trade Creditors	-	21 333 136
Sundry Creditors	4 001	9 935 749
Accruals	4 096 590	-
Retention creditors	1 285 188	-
Project creditors		
	<u>6 005 692</u>	<u>31 268 885</u>
14 ASSESSMENT RATES		
Residential	-	-
Commercial and Government	9 475 590	9 475 590
Valuation is done on a four yearly basis. Tax is levied on land value only.		
For the year under audit 100 percent rebates were granted to rural residential sites.		
15 COUNCILLORS' ALLOWANCES		
Councillors' allowances	<u>4,754,590.32</u>	<u>4 541 485</u>
16 AUDITOR'S REMUNERATION		
Audit fees	814 286	248 343
Current year provision	-	-
Previous year provision	-	-

THULAMELA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 (continued)

	2006	2005
17 FINANCE TRANSACTIONS		
Total Interest earned or paid		
Interest earned	17,626,624	1,391,251
Interest paid	4,372	-
	R	R
18 APPROPRIATIONS		
<i>Appropriation account</i>		
Accumulated surplus / (deficit): beginning of year	29 333 119	18 026 578
Net operating surplus for the year	80 289 410	11 306 541
Operating surplus / (deficit) for the year	37 187 373	6 304 131
Appropriations for the year		
Contribution to Capital Development Fund	-	-
Contribution to Leave Reserve	-	718 785
Provision for bad debts	-	-
Provision for insurance	-	-
Prior year adjustment	43 102 037	4 283 625
Provision for audit	-	-
Contribution to fixed assets	-	-
Accumulated surplus / (deficit): end of year	109 622 529	29 333 119
19 CASH GENERATED BY OPERATIONS		
Surplus / (deficit) for the year	37 187 373	6 304 131
Adjustments in respect of previous years' operating transactions	43 102 037	
Appropriations charged against income:		
Capital development fund		1 500 000
Provisions and reserves	10 792 878	500 000
Fixed Assets	56 847 570	44 389 988
Capital charges:		
Interest and redemption paid:		
to internal funds	4 372	7 560
on external loans	-	-
Investment income (operations)	(17 626 624)	(1 391 251)
Non-operating income:		
Credited to funds	(346 465)	
Capital expenditure		-
Non-operating expenditure:		
Debited to funds	1 766 371	-
Debited to provisions and reserves		-
Non-cash flow adjustment		-
	131 727 511	51 310 428
20 (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / decrease in stock	1 819 448	(1 976 861)
(Increase) / decrease in debtors	(52 621 507)	#####
(Increase) / decrease in long-term debtors	(924 193)	1 510 322
Increase / (decrease) in creditors	(25 263 193)	9 267 183
(Increase) / decrease in short-term debtors	(1 601 744)	
	(78 591 189)	#####
21 INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)		
Loans raised	-	-
Loans repaid	-	-
	-	-

THULAMELA LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 (continued)

	2006	2005
	R	R
22 (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS		
Investments made	-	870 186
Investments realised	-	-
	<u>-</u>	<u>870 186</u>
23 (INCREASE) / DECREASE IN CASH ON HAND		
Cash balance: beginning of the year	20 982 718	13 944 443
Less: Cash balance: end of the year	36 542 823	222 492
	<u>(15 560 105)</u>	<u>13 721 951</u>
24 RETIREMENT BENEFITS		
Personnel are members of the Municipal Pension Fund or IMATU Retirement Fund. The last actuarial valuation was on 31 December 1991		
25 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Guarantees	-	-
	<u>-</u>	<u>-</u>

THULAMELA LOCAL MUNICIPALITY

APPENDIX A

STATUTORY FUNDS, RESERVES AND PROVISIONS

	Balance at 30/6/2005	Contributions during the year	Interest on investments	Other income	Expenditure during the year	Balance at 30/6/2006
STATUTORY FUNDS	R	R	R	R	R	R
Capital development fund	11 633 546	-	-	-	-	11 633 546
	11 633 546	-	-	-	-	11 633 546
RESERVES AND PROVISIONS						
Leave provision	1 855 277	1 515 464	-	-	-	3 370 741
Working Capital Reserves	20 126 785	-	-	-	-	20 126 785
Computer Replacement Fund	950 000	-	-	-	-	950 000
Vehicle Replacement Fund	5 948 900	-	-	-	-	5 948 900
Maintenance Reserve Fund	-	-	-	-	-	-
	28 880 962	1 515 464	-	-	-	30 396 426
TRUST FUNDS						
Mukumbani Housing Project	7 542	-	-	-	56 377	(48 835)
Waste Management	(79 808)	95 299	-	-	15 812	(320)
Lwamondo Agro	1 190	-	-	-	483	707
Tshifudima Project	62 951	-	-	-	-	62 951
Tamisani Rural Project	64 138	251 165	-	-	302 207	13 096
Milaboni PHP	19 577	-	-	-	483	19 094
Xikundu PHP	(1 234)	-	-	-	1 530	(2 764)
Tshiavha, Tshidzivhe PHP	2 739 000	-	-	-	1 379 728	1 359 272
Murara Agriculture Project	(6 000)	-	-	-	3 350	(9 350)
Tshamutilikwa	16 166	-	-	-	6 400	9 766
	2 823 522	346 465	-	-	1 766 371	1 403 616
	43 338 030	1 861 929	-	-	1 766 371	43 433 588

THULAMELA LOCAL MUNICIPALITY

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	Balance at 2005/06/30	Received during the year	Redeemed or written off during the year	Balance 2006/06/30
	R	R	R	R
Government loans	-	-	-	-
Other loans	-	-	-	-
	-	-	-	-
<i>No outstanding loans existed at the year-end</i>				

Payable in the next year R nil.
(Refer to note 4)

THULAMELA LOCAL MUNICIPALITY

APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure 2004/2005 R	SERVICE	Budget 2005/2006 R	Balance at 30-Jun-05 R	Expenditure 2005/2006 R	Written off, transferred, redeemed or disposed of during year R	Balance at 30-Jun-06 R
37 819 036	RATE AND GENERAL SERVICES	70 703 650	136 615 430	45 494 035	1 660 431	180 449 033
31 232 244	COMMUNITY SERVICES	57 198 282	106 250 895	36 927 240	1 660 431	141 517 704
9 995 456	Public works		61 617 559	4 959 883	-	66 577 442
-	Estates			-	-	-
-	Roads and Stormwater	36 150 350		28 157 943	-	28 157 943
-	Streetlights			-	-	-
20 819 391	Council's General	17 815 932	41 018 906	1 222 066	1 660 431	40 580 540
-	Municipal Manager	252 000		-	-	-
417 397	Traffic services	2 980 000	3 614 430	2 587 349	-	6 201 779
4 745 758	SUBSIDISED SERVICES	13 505 368	15 962 910	6 412 768	-	22 375 678
-	Civil protection	-	-	-	-	-
-	Municipal buildings	4 180 000		6 412 768	-	6 412 768
4 745 758	Parks, recreation and cemetery	9 325 368	15 962 910	-	-	15 962 910
-	Abattoir	-	-	-	-	-
1 841 034	ECONOMIC SERVICES	-	14 401 625	2 154 026	-	16 555 651
	Cleaning		8 106 235	2 154 026	-	10 260 261
1 841 034	Sanitation service		6 295 390	-	-	6 295 390
6 488 952	31 472 327	4 000 000	31 472 327	11 353 535	8 099 474	34 726 389
	Electricity service	4 000 000		11 353 535	-	11 353 535
6 488 952	Water service		31 472 327	0	8 099 474	23 372 853
44 307 988	TOTAL FIXED ASSETS	74 703 650	168 087 757	56 847 570	9 759 905	215 175 422
LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS			168 087 757	56 847 570	(9 759 905)	215 175 422
Loans redeemed and advances repaid			-	-	-	-
Contributions from operating income			168 087 757	27 376 510	(9 759 905)	185 704 362
Grants and subsidies				29 471 060	-	29 471 060
Reserves				-	-	-
NET FIXED ASSETS			-	-	(0)	0

THULAMELA LOCAL MUNICIPALITY

APPENDIX D ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2006

Actual 2005 R		Actual 2006 R	Budget 2006 R
INCOME			
74 677 769	Government and Provincial Grants and Subsidies	115 370 714	140 322 796
53 423 282	Operating Income:	70 310 652	73 350 080
10 597 000	Assessment rates	9 475 590	13 000 000
-	Income from: Electricity	-	-
2 707 345	Income from: Water	68 879	-
25 124 277	Income from tariffs, service charges etc.	23 100 157	51 850 080
14 994 660	Other service charges	37 666 026	8 500 000
<u>128 101 051</u>		<u>185 681 366</u>	<u>213 672 876</u>
EXPENDITURE			
45 797 116	Salaries and allowances	48 303 042	53 457 344
	Purchase of electricity	-	-
25 122 316	General expenses	38 491 911	51 539 440
4 549 499	Repairs and maintenance	4 865 854	13 275 000
	Capital charges	4 372	
44 307 989	Contributions to fixed assets	56 847 570	91 901 092
2 020 000	Contribution to funds	-	3 500 000
<u>121 796 920</u>	Gross expenditure	<u>148 512 749</u>	<u>213 672 876</u>
-	Less: Amounts charged out	-	-
<u>121 796 920</u>	Net expenditure	<u>148 512 749</u>	<u>213 672 876</u>

THULAMELA LOCAL MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus / (Deficit) R		2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus / (Deficit) R	Budget Surplus / (Deficit) R
125 393 706	107 495 294	17 898 412	RATE AND GENERAL SERVICE	177 647 386	135 237 227	42 410 159	-
122 489 072	99 348 280	23 140 792	COMMUNITY SERVICES	176 319 511	132 905 701	43 413 810	-
10 597 000	-	10 597 000	Assessment Rates	9 475 590	-	9 475 590	-
-	-	-	Civil Defence	-	-	-	-
81 470 876	33 066 114	48 404 762	Council's General Expenses	25 345 646	69 483 704	(44 138 057)	-
1 255 690	27 382 037	(26 126 347)	Public Works	31 028 040	33 372 541	(2 344 501)	-
-	-	-	Services rendered	158 713	1 698 417	(1 539 704)	-
18 841 184	28 793 778	(9 952 594)	Finance and Fixed Properties	97 121 158	19 995 336	77 125 822	-
10 324 322	10 106 351	217 971	Traffic and Licensing	13 190 363	8 355 702	4 834 661	-
-	-	-	SUBSIDISED SERVICES	-	-	-	-
-	-	-	Library	-	-	-	-
-	-	-	Parks, estates and cemeteries	-	-	-	-
2 904 634	8 147 014	(5 242 380)	ECONOMIC SERVICES	1 327 875	2 331 526	(1 003 651)	-
2 904 634	8 147 014	(5 242 380)	Cleansing/Refuse removal	1 278 932	2 331 526	(1 052 594)	-
-	-	-	Sewerage	48 943	-	48 943	-
2 707 345	14 301 626	(11 594 281)	TRADING SERVICES	8 048 525	13 271 311	(5 222 786)	-
2 707 345	14 301 626	(11 594 281)	Water and electricity service	8 048 525	13 271 311	(5 222 786)	-
-	-	-	Specific water service	-	-	-	-
128 101 051	121 796 920	6 304 131	TOTAL	185 695 911	148 508 538	37 187 373	-
		5 002 410	Appropriations for the year (Refer to note 14)			43 102 037	
		11 306 541	Net surplus / (deficit) for the year			80 289 410	
		18 026 578	Accumulated surplus / (deficit) at the beginning of the year			29 333 119	
		<u>29 333 119</u>	ACCUMULATED SURPLUS / (DEFICIT) AT THE END OF THE YEAR			<u>109 622 529</u>	

THULAMELA LOCAL MUNICIPALITY

APPENDIX F

STATISTICAL INFORMATION ENDED 30 JUNE 2006

1 GENERAL STATISTICS

POPULATION	548,563
NUMBER OF EMPLOYEES	493
REGISTERED VOTERS (1999)	194,132
REGISTERED VOTERS (2004)	242,808

SEVICE DELIVERY

2.1 DWELLING TYPE

FORMAL	72,590	57%
TRADITIONAL	51,722	41%
INFORMAL	2,168	1.7%
OTHER	208	0.16%
	126,688	100%

2.2 REFUSE

MUNICIPAL WEEKLY	10,936.000
MUNICIPAL OTHER	1,072.000
COMMUNAL DUMP	688.000
OWN DUMP	84,622.000
NO DISPOSAL	29,370.000
TOTAL	126,688.000

2.3 SOURCES OF ENERGY FOR LIGHTING

ELECTRICITY	75,238.00
GAS	230.00
PARAFFIN	20,029.00
CANDLES	29,915.00
SOLAR	541.00
OTHER	735.00
TOTAL	126,688.00

2.4 SANITATION

FLUSH TOILET	11,720
FLUSH SEPTIC TASK	1,653
CHEMICAL TOILET	827
VIP	8,155
PIT LATRINE	64,185
BUCKET LATRINE	590
NONE	39,558
TOTAL	126,688

2.5 WATER

DWELLING	9,984
INSIDE YARD	40,876
COMMUNITY STAND PIPE	20,799
BOREHOLE	3,662
COMMUNITY STAND PIPE OVER 200M	36,053
SPRING	4,550
RAINTANK	154
DAM/POOL/SIAGNAST	658
RIVER	4,097
WATER VENDOR	435
OTHER	5,420
TOTAL	126,688